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EDITORIAL: Corner in sight for Illinois: Turn it

The Legislature has done a fair amount of heavy lifting in this spring session, making \$1.6 billion in cuts to Medicaid, ending premium-free health insurance for most state government retirees, abolishing legislative scholarships after decades of resistance. At this writing it was halfway to adopting a cigarette tax hike - with an anticipated \$800 million in revenue attached - and a gambling expansion, with both measures pending before the Illinois Senate.

There remains one mountain left to climb, however, and it's Mount Everest: pension reform.

If you had written the phrase "the largest unfunded pension liability in all of America" as often and as long as this editor has in relation to Illinois government, you would not question the necessity of that reform, though again the devil is in the details, one in particular: Can any plan for current employees and those already retired pass constitutional muster? A negotiated proposal, not even in bill form yet, has emerged that some think does.

It focuses on cost-of-living adjustments, now 3 percent, compounding annually, which House Speaker Michael Madigan pinpoints as "the biggest cost driver that leads to fiscal instability in the pension systems."

(Consensus could not be reached on raising the retirement age from 65 to 67 or on hiking employee pension contributions, so this was the last make-a-difference proposal still standing.) Basically, it would limit COLAs to half the consumer price index or 3 percent, whichever is less. It also would be calculated on the base pension income at which a retiree begins, not multiplied on top of accumulated increases. That system already applies to new hires. COLA starts also could be delayed, perhaps to five years after leaving the work force.

The plan has its question marks. First, it would affect the already retired. Article XIII, Section 5 of the Illinois Constitution states that "membership in any pension or retirement system of the State ... shall be an enforceable contractual relationship, the benefits of which shall not be diminished or impaired." Democrats have long viewed that as a bridge too far, though some now believe it's crossable by giving current and former employees a choice rather than a mandate.

Retirees, for example, could retain their 3 percent, compounding COLA by forfeiting their state-provided health care plan. They'd keep the latter by taking COLA concessions. Current workers would have those

options, too, though if they stick with the status quo COLA, future salary increases could be disqualified from factoring into their pensions.

One doesn't see this situation staying out of court, or foresee the latter as looking unfavorably on that 75-year-old who played by the rules while working and now is looking at a late-in-life change that he had not counted on, and that the Illinois Constitution had ostensibly guaranteed him he wouldn't have to. With those folks, for whom it's too late to take another career path, it's also a fairness issue.

Second, would these proposals erase \$83 billion in pension debt over the next 30 years, as Gov. Quinn wants? Presumably, most retirees - especially those of Medicare age - would keep the compounded COLA, arguably limiting the state's savings.

Beyond that, Madigan and other Chicago Democrats are still pushing a shift in teacher pension responsibilities to school districts, which would almost certainly mean higher local property taxes. For that reason and the fact that it lets the Legislature off the hook way too easily for its culpability in creating this crisis, this page cannot support that part of the proposal.

Ultimately, one does give the Legislature credit for at long last confronting its budget demons, though not too much, since its members put themselves in this situation in the first place, giving them little choice but to act in sometimes regrettable-if-nonetheless-necessary ways now. Doing nothing with pensions really is not an option, as the cost of meeting yesterday's obligations is now coming at the expense of today's services - schools may be facing a substantial cut - which is why the labor groups should have an interest in hammering something out here, painful though it may be for their members to swallow. If you don't have a job, you don't have a pension (and these still would be sweeter than in many parts of the private sector). Sometimes you have to pick your poison.

These have been the toughest consecutive budget years in Illinois history. But even with the previous income tax hike and workers' compensation and pension reforms, plus what's on the table now, this is but "the beginning of a slow trip out of this deep hole," House Republican leader Tom Cross accurately said. So critical is Illinois' fiscal condition - awash in debt, unable to pay its bills, squeezed by credit agencies - that it must take a whack at everything, sparing no constituency, sadly not even some of this state's most vulnerable, or risk the insolvency of these programs.

Legislators seem to understand now, with both chambers back to business on Memorial Day perhaps one indication of that. The pressure is high, and a lot could get flipped upside down, added or subtracted, between now and Thursday's scheduled adjournment.

Quinn has not stopped pushing, with his latest exhortation for one final, "epic 10 days" of action. They're *this* close. Be smart and decent about it, but finish the job.